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House Bill _____
By _____

Senate No. SB1180
By Dixon

AN ACT to amend Title 39, Chapter 17, Tennessee Code
annotated, by creating Part 6, to be known as "Casino.
Gaming".

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE;

SECTION I. Tennessee Code Annotated, Title 39, Chapter 17, is hereby amended by
creating Part 6, to read as follows:

"Part 6. Casino gaming.

Section 39-17-601. Gaming Commission.

The Tennessee State Racing commission as created under 4-36-201, et seq., is
hereby authorized to extend jurisdiction to include regulation or Casino gaming with all
the same powers and duties as presently imposed upon said Commission for regulating
horse racing.

Section 39-17-602 Definitions

As used in this Part 6, unless the context clearly requires otherwise, the following
terms mean;

(l) Adjusted gross receipts - the gross receipts from licensed gambling games
and devices less winnings paid to wagerers;

(2) Applicant - any person applying for a license authorized under the provisions or these sections.

(3) Casino Gambling Boat - is hereinafter referred to as "boat", "casino gaming or gambling boat", "commercial passenger boat", or a "ferry", licensed by the commission on which casino gaming or gambling games are allowed;

(4) Casino gaming - includes the following activities on a gambling boat; baccarat, bingo, twenty-one, poker, craps, slot machine, video game of chance, roulette wheel, klondike table, punchboard, raro layout, keno layout, numbers ticket, push card, jar ticket, or pull tab which is authorize by the commission as a wagering device but does not include gambling on sporting events, or any other form of gaming recognized and approved by the commission;

(5) Cheat - to alter the selection or criteria which determine the result of a casino gaming or gambling game or the amount or frequency of payment in casino gaming or a gambling game;

(6) Commission - the Tennessee State Racing Commission;

(7) Dock- the location in a city or county authorized under subsection 10 of Section 607 where an casino gaming boat is continuously docked or where an excursion casino gaming boat moors for the purpose of embarking passengers for and disembarking passengers from a casino gaming excursion;

(8) Gaming excursion - the time during which casino gaming or gambling games may be operated on a casino gaming boat whether docked or during a cruise;

(9) Gross receipts - the total sums wagered by patrons of licensed casino gaming or gambling games;

(10) Holder of occupational license - a person licensed by the commission to perform an occupation within a casino gaming boat operations which the commission has identified as requiring a license;

(11) Licensee - any person licensed under sections 39-17-601 to 39-17-622;

(12) Supplier - a person who sells or leases gaming or gambling equipment and gaming or gambling supplies to any licensee.

Section 39-17-603. Law Not applicable to Pari-Mutuel Wagering.

Sections 39-17-601 to 39-17-619 do not apply to the parimutual system of wagering used or intended to be used pursuant to this Part.

Section 39-17-604. Jurisdiction and powers of commission - gambling boats.

The commission shall have full jurisdiction over and shall supervise all gambling operations governed by sections 39-17-601 to 39-17-622. The commission shall have the following powers and shall promulgate rules and regulations to implement sections 39-17- 601 to 39-17-622.

(1) To investigate applicants and determine the priority and eligibility of applicants for a license and to select among competing applicants for a license the applicant which best serves the interest of the citizens of Tennessee;

(2) To license the operators of casino gaming and operators of gambling games within such boats, to identify occupations within the casino gaming boat operations which require licensing, and adopt standards for licensing the occupations including establishing fees for the occupational licenses and to license suppliers;

(3) To adopt standards under which all casino gaming boat operations shall be held and standards for the facilities within which the gaming operations are to be held. Notwithstanding the provisions of Title 57 of this Code, "Regulation of Alcoholic Beverages", to the contrary, the commission may authorize the operation of casino gaming on a commercial passenger boat or casino gaming boat which is also licensed to sell or serve alcoholic beverages, wine, or beer. The commission shall regulate the wagering structure for casino gaming or gambling excursions including providing a

maximum loss of five hundred dollars per individual player per casino gaming or gambling excursion;

(4) To enter the premises of casino gaming facilities, or other places of business of a licensee within this state to determine compliance with Sections 39-17-601 to 39-17-622;

(5) To investigate alleged violations of sections 39-17-601 to 39-17-622, or the commission rules, orders, or final decisions;

(6) To assess any appropriate administrative penalty against a licensee, including, but not limited to, suspension, revocation, and penalties of an amount as determined by the commission up to three times the highest daily amount of gross receipts derived from wagering on the casino gaming or gambling games, whether unauthorized or authorized, conducted during the previous twelve months as well as confiscation and forfeiture of all casino gaming or gambling game equipment used in the conduct of unauthorized games. Forfeitures under this section shall be enforced as provided under Title 40, "Forfeiture Procedures" of this Code.

(7) To require a licensee, an employee of a licensee or holder of an occupational license to remove a person violating a provision of sections 39-17-601 to 39-17-622, or the commission rules, orders, or final orders, or other person deemed to be undesirable from the casino gaming or gambling boat facilities;

(8) To require the removal from the premises of a licensee, an employee of a licensee, or a holder of an occupational license for a violation of Sections 39-17-601 to 39-17-622, or a commission rule or engaging in a fraudulent practice;

(9) To require all licensees to file all financial reports required by rules and regulations of the commission;

(10) To issue subpoenas for the attendance of witnesses and subpoenas duces tecum for the production of books, records, and other pertinent documents, and to

administer oaths and affirmations to the witnesses, when, in the judgment of the commission, it is necessary to enforce sections 39-17-601 to 39-17-622,~or the commission rules;

(11) To keep accurate and complete records of its proceedings and to certify the records as may be appropriate;

(12) To ensure that the casino gaming or gambling games are conducted fairly. No gambling device shall be set to pay out less than eighty per cent of all wagers;

(13) To require all licensees of casino gaming or gambling game operations to use a cashless wagering system whereby all players; money is converted to tokens, electronic cards, or chips which only can be used for wagering on the casino gaming boat;

(14) Determine which of the authorized casino games will be permitted on any licensed boat;

(15) Casino gaming shall be on a continuously docking casino gaming boat in any city or county authorized under Section 10 of Section 39-17-607, unless the commission indicates cruising. The commission shall not discriminate among applicants for continuously docking privileges that are similarly situated with respect to the criteria set forth in this section. The commission shall regulate the docking of casino and gaming boats near bridges to be determined on the following criteria: the docking location of the board whether continuously docked or on a cruise could cause danger to the boat's passengers, cause disruption of interstate commerce, or possible interference with railways transportation. In addition, the commission shall consider economic feasibility or impact that would benefit land-based development and permanent job creation.

(16) The commission shall render a finding concerning cruising, as described in subdivision (15) of this section, within thirty days after a hearing on request from an

applicant or licensee. Such hearing may be held prior to any final action on licensing to assist an applicant and any city or county in the finalizing of their economic development plan;

(17) To take any other action as may be reasonable or appropriate to enforce sections 39-17-601 to 39-17-622, and the commission rules.

Section 39-17-605. Excursion gambling boat license, applicant, fee-occupational licenses-limited licenses.

(1) A person may apply to the commission for a license to conduct casino gaming or gambling games on a boat as provided in sections 39-17-601 to 39-17-622. The application for such licenses shall be filed with the commission and shall identify the boat upon which casino gaming or gambling games will be authorized; shall specify the exact location where the boat will be docked, shall specify the extent of the land-based economic development or impact and an affirmative action plan for ownership, contracting and recruiting, training and hiring of minorities and women in all employment classifications for that area, a lease with a home dock city or county, or in lieu thereof a resolution adopted by a city or county supporting or opposing the docking and land-based economic development or impact plan of the operator, and shall be in a form and contain information as the commission prescribes. If a city or county fails to pass a resolution, such action shall not adversely affect the application which shall be deemed complete. The application for such license shall file with the application a nonrefundable fee of fifty thousand dollars or fifteen thousand dollars for each person to be investigated, whichever amount is greater. The applicant shall be responsible for the total cost of the investigation. If the cost of the investigation exceeds the total amount of fees filed by the applicant in this subsection, the commission may assess additional fees as it deems appropriate; however, if the applicant is denied a license, the applicant shall be entitled to a refund of the difference between the application fee and the actual cost

of the investigation. The initial license and first subsequent license renewal of an excursion gambling boat operator shall be for a period of one year. Thereafter, license renewal periods shall be two years. Nowever, the commission may reopen licensing hearings at any time. The annual fee for anyone licensed under this subsection shall be set by the commission at a minimum of twenty-five thousand dollars.

(2) A person may apply to the commission for a license to conduct an occupation within the casino gaming or gambling boat operations which the commission has identified as requiring a license. The commission shall establish and charge holders of occupational licenses an annual license fee for each occupation in amounts determined appropriate by the commission and shall be charged each year the license is in effect. The commission shall set a nonrefundable filing fee to cover the cost of any investigation. Each applicant for a license under this subsection shall annually file for a license.

(3) A supplier shall annually apply for a license. The application fee shall be a nonrefundable amount set by the commission to cover the cost of any investigation. The annual fee for such license shall be set by the commission. The commission shall set all standards for equipment and supplies.

(4) A licensee licensed to conduct casino gaming or gambling games shall acquire all casino gaming equipment, or gambling games implements of gambling, from a licensed supplier. A licensee shall not sell or give such equipment or implements of gambling to another licensee. Any licensed supplier shall have a registered agent within this state.

(5) The commission may issue a limited license to operate a casino gaming or gambling boat, as defined under-subdivision 6 of Section 39-17-602, at a dock other than its home dock, if such city or county where such dock is located has approved gambling games on casino gaming pursuant to subsection 10 of Section 39-17-607.

Section 39-17-606. Application contents - pictures and fingerprints - investigation - false statements - inspections.

(1) A person shall not be issued a license to conduct casino gaming on a boat or a license to operate an a casino gaming boat, an occupational license, or a supplier license unless the person has completed and signed an application on the form prescribed and published by the commission. The application shall include the full name, residence, date of birth and other personal identifying information as the commission deemed necessary, including but not limited to, the information specified in Section 39-17-622. The application shall also indicate whether the applicant has either of the following:

- (a) A record of conviction of a felony; or
- (b) A current addiction to a controlled substance.

(2) An applicant for a license shall submit pictures and fingerprints to the commission in the manner prescribed on the application forms.

(3) It is the burden of the applicant to show by clear and convincing evidence his suitability as to character, experience and other factors as may be deemed appropriate by the commission.

(4) Before a license is granted, the commission shall conduct a thorough investigation of the applicant for a license to operate a casino gaming operation on a boat. The applicant shall provide information on a form as required by the commission.

(5) A person who knowingly makes a false statement on an application is guilty of a Class a misdemeanor and shall not ever again be considered for application by the commission.

(6) The licensee shall permit the commission or commission employees designated to inspect the licensee or holder's person, personal property, excursion gambling boat and effects at any time.

Section 39-17-607. Number of licenses issued - conditions - use of Tennessee products - docking fees - penalties.

(1) The commission may issue licenses pursuant to subsection 1 of section 39-17-605, when it is satisfied that the applicant has complied with all rules and regulations, including an update of all information provided to the commission in the licensee's initial application. The commission shall decide the number, locate and type of casino gaming boat in a city or county under subsection 10 of this section. The license shall set forth the name of the licensee, the type of license granted, the place where the boat will operate and dock, and other information the commission deems appropriate. For the first three years of operation in any city and county the commission shall issue only one license, in a city with more than three hundred fifty thousand inhabitants, the commission shall set the standard based upon the maximum feasible competitiveness based on the metropolitan area's economic situation. The commission shall have the ultimate responsibility of deciding the number, location, and type of casino gaming licensed in a city or county; however, any city or county which has complied with the provisions of subsection 10 of this section shall submit to the commission a plan outlining the following:

(a) The recommended number of licensed excursion boats operating in such city or county;

(b) The recommended licensee or licensees operating in such city or county;

(c) The community's economic development or impact and affirmative action plan concerning minority's and women's ownership, contracting and employment for the waterfront development;

(d) The City or county proposed sharing of revenue with any other municipality;

(e) Any other information such city or county deems necessary; and

(f) Any other information the commission may determine is necessary.

The commission shall provide for due dates for receiving such plan from the city or county.

(2) A license to operate a casino gaming boat shall only be granted to an applicant upon the express conditions; that:

(a) The applicant shall not, by a lease, contract, understanding, or arrangement of any kind, grant, assign, or turn over to a person the operation of a boat licensed under this section or of the system of wagering described in section 39-17-609. This section does not prohibit a management contract with a person licensed by the commission; and

(b) The applicant shall not in any manner permit a person other than the licensee and the management licensee to have a share, percentage, or proportion of the money received for admissions to the casino gaming boat.

(3) The commission shall require, as a condition of granting a license, that an applicant to operate a casino gaming boat, develop, and as nearly as practicable, recreate boats that resemble Tennessee riverboat history.

(4) The commission shall encourage through its rules and regulations the use of Tennessee resources, goods and services in the operation of any casino gaming boat.

(5) The casino gaming boat shall provide for nongaming areas, food service and a Tennessee theme gift shop. The amount of space used for gaming shall be determined in accordance with all rules and regulations of the commission and the United States Coast guard safety regulations.

(6) A license to operate casino games or to operate a casino gaming boat shall not be granted unless the applicant has, through clear and convincing evidence,

demonstrated financial responsibility sufficient to meet adequately the requirements of the proposed enterprise.

(7) The applicant shall establish by clear and convincing evidence of its' fitness to be licensed if there is evidence that any of the following apply:

(a) The applicant has been suspended from operating a casino gaming boat or a game of chance or gambling operation in another jurisdiction by a board or commission of that jurisdiction;

(b) The applicant is not the true owner of the enterprise proposed.

(c) The applicant is not the sole owner, and other persons have ownership in the enterprise, which fact has not been disclosed;

(d) The applicant is a corporation that is not publicly traded and ten per cent or more of the stock of the corporation is subject to a contract or option to purchase at any time during the period for which the license is to be issued unless the contract or option was disclosed to the commission and the commission approved the sale or transfer during the period of the license;

(e) The applicant has knowingly made a false statement of a material fact to the commission; or

(f) The applicant has failed to meet a valid, bona fide monetary obligation in connection with an excursion gambling boat.

(8) A license shall not be granted if the applicant has not established his good repute and moral character or if the applicant has pled guilty to, or has been convicted of, a felony. No licensee shall employ or contract with any person who has pled guilty to, or has been convicted of, a felony to perform any duties directly connected with the licensee's privileges under a license granted pursuant to this section, except that employees performing nongaming related occupations as determined by the commission shall be exempt from the requirements of this subsection.

(9) A licensee shall not lend to any person money or any other thing of value for the purpose of permitting that person to wager on any game of chance. This does not prohibit credit card or debit card transactions or cashing to checks. Any check cashed must be deposited within twenty four hours. The commission may require licensees to verify a sufficient account balance exists before cashing any check.

(10) No license to conduct casino gaming or gambling games on a boat in a city or county shall be issued unless and until qualified voters of the city or county approve such activities pursuant to this subsection. The question shall be submitted to the qualified voters of the city or county at a general, primary or special election upon the motion of the governing body of the city or county or upon the petition of fifteen per cent of the qualified voters of the city or county determined on the basis of the number of votes cast for governor in the city or county at the last election held prior to the filing of the petition. The question shall be submitted in substantially the following form:

Shall the City (County) of _____ allow the licensing of casino gaming in the city (county)?

yes ____no.

If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the question, the commission may license casino gaming in that city or county and such boats may operate. If a majority of the votes cast on the question by the qualified voters voting thereon are opposed to the question, then the commission shall not license such casino gaming in such city or county unless and until the question is again submitted to and approved by a majority of the qualified voters of the city or county at a later election. Casino gaming may only dock in a city or

unincorporated area of a county which approves licensing of such casino gaming pursuant to this subsection.

(11) If a docking fee is charged by a city or a county, a licensee operating a casino gaming or gambling boat shall pay the docking fee prior to the start of the season.

(12) Any licensee shall not be delinquent in the payment of property taxes or other taxes or fees or in the payment of any other contractual obligation or debt due or owed to the state or a political subdivision of the state.

(13) Any boat so licensed by the state shall meet all of the requirements of Title 39, Public Health Regulations, and is subject to an inspection of its sanitary facilities to protect the environment and water quality by the commission or its designee before a license to operate said boat is issued by the commission. The cost of such inspections shall be paid by the licensee.

(14) A holder of any license shall be subject to imposition of penalties, suspension or revocation of such license, other action for any act or failure to act by himself or his agents or employees, that is injurious to the public health, safety morals, good order and general welfare of the people of the state of Tennessee, or that would discredit or tend to discredit the Tennessee casino gaming industry or the state of Tennessee unless the licensee proves by clear and convincing evidence that it is not guilty of such action. The commission shall take appropriate action against any licensee who violates the law or the rules and regulations of the commission. Without limiting the provisions of this subsection, the following act or omissions may be grounds for such discipline:

(a) Failing to comply with or make provision for compliance with sections 39-17-601 to 39-17-622, the rules and regulations of the commission any federal state or local law or regulation;

(b) Failing to comply with any rule, order or ruling of the commission or its agents pertaining to casino gaming;

(c) Receiving goods or services from a person or business entity who does not hold a supplier's license but who is required to hold such license by the provisions of sections 39-17-601 to 39-17-622, or the rules and regulations of the commission;

(d) Being suspended or ruled ineligible or having a license revoked or suspended in any state of gaming jurisdiction;

(e) Associating with, either socially or in business affairs, or employing persons of notorious or unsavory reputation or who have extensive police records, or who have failed to cooperate with any officially constituted investigatory or administrative body and would adversely affect public confidence and trust in gaming.;

(f). Employing in any casino gaming operation or any gambling boat operation, any person known to have been found guilty of cheating or using any improper device in connection with any gambling game.;

(g) Use of fraud, deception, misrepresentation or bribery in securing any permit or license issued pursuant to sections 39-17-601 to 39-17-622.

(h). Obtaining or attempting to obtain any fee, charge or other compensation by fraud, deception, or misrepresentation;

(i) Incompetence, misconduct, gross negligence, fraud, misrepresentation or dishonesty in the performance of the functions or duties regulated by sections 39-17-601 to 39- 17-622.

Section 39-171-608. Bond or other form of surety.

A licensee licensed to operate casino gaming or gambling games under sections 39-17-601 to 39-17-622, shall post a bond or other form of surety from a firm licensed to

conduct a surety business in this state, as approved by the commission, to the state of Tennessee before the license is issued in a sum as the commission shall fix, with sureties approved by the commission. The bond or other form of surety approved by the commission shall be used to guarantee that the licensee faithfully makes the payments, keeps its books and records and makes reports, and conducts its games in conformity with sections 39-17-601 to 39-17-622, and the rules adopted by the commission. The bond or other form of surety approved by the commission shall not be canceled by a surety on less than thirty days' notice in writing to the commission. If a bond or other form of surety approved by the commission is canceled and the licensee fails to file a new bond or other form of surety approved by the commission with the commission in the required amount on or before the effective date of cancellation, the licensee's license shall be revoked. The total and aggregate liability of the surety on the bond or other form of surety approved by the commission is limited to the amount specified in - the bond or other form of surety approved by the commission.

Section 39-17-609. Wagering - persons must be present not to be conducted with negotiable currency - minors not allowed to wager - age of dealers.

(1) Except as permitted in this section, the licensee licensed to operate casino gaming or gambling games shall permit no form of wagering on such games.

(2) The licensee may receive wagers only from a person present on a licensed casino gaming or gambling boat.

(3) Wagering shall not be conducted with money or other negotiable currency. the licensee shall exchange the money of each wagerer for tokens, chips, or other forms of credit to be wagered on the games. The licensee shall exchange the tokens, chips or other forms of wagering credit for money at the request of the wagerer.

(4) A person under twenty one years of age shall not make a wager on a casino gaming or gambling boat and shall not be allowed in the area of the boat where gaming

is being conducted; provided that employees of the licensed operator of the boat who have attained eighteen years of age shall be permitted in the area in which gaming is being conducted when performing employment related duties, except that no one under twenty one years of age may be employed as a dealer or accept a wager on an casino gaming or gambling boat. The governing body of a home dock city or county may restrict the age of entrant onto a casino gaming or gambling boat by passage of a local ordinance.

(5) A licensee shall only allow wagering and conduct casino gaming or gambling games at the time allowed by the commission.

Section 39-17-610. Admission fee - amount - licensees subject to other taxes - collection of taxes.

(1) An casino gaming or gambling boat licensee shall pay to the commission an admission fee of two dollars for each person embarking on said boat with a ticket of admission, and one dollar of such fee shall not be considered state funds and shall be paid to the home dock city or county. Nothing in this section shall preclude any licensee from charging any amount deemed necessary for a ticket of admission to any person embarking on a casino gaming or gambling boat. If free passes or complimentary admission tickets are issued, the boat licensee shall pay to the commission the same fee upon these passes or complementary tickets as if they were sold at the regular and usual admission rate; however, the boat licensee may issue fee-free passes to actual and necessary officials and employees of the licensee or other persons actually working on the excursion gambling boat. The issuance of fee-free passes is subject to the rules of the commission, and a list of all persons to whom the fee-free passes are issued shall be filed with the commission.

(2) All licensees are subject to all income taxes, sales taxes, earnings taxes, use taxes, property taxes or any other tax or fee nor or hereafter lawfully levied by

any political subdivision; however, no other license tax, permit tax, occupation tax, excursion fee, or taxes or fees shall be imposed levied or assessed exclusively upon licensees by a political subdivision. All state taxes not connected directly to casino gaming or gambling games shall be collected by the department of revenue. Notwithstanding the provisions of Title 4, Department of Revenue provisions, to the contrary, the department of revenue may furnish and the commission may receive tax information to determine if applicants or licensees are complying with the tax laws of this state; however, any tax information acquired by the commission shall not become public record and shall be used exclusively for commission business.

Section 39-17-611. Adjusted Gross Receipts - tax.

A tax is imposed on the adjusted gross receipts received from casino gaming or gambling games authorized under sections 39-17-601 to 39-17-622, at the rate of twenty per cent. The taxes imposed by this section shall be returned to the commission in accordance with the commission's rules and regulations who shall transfer such taxes to the director of revenue. All checks and drafts remitted for payment of these taxes and fees shall be made payable to the director of revenue. If the commission is not satisfied with the rent or payment made by any licensee, it is hereby authorized and empowered to make an assessment of the amount due based upon any information within its possession or that shall come into its possession. Any licensee against whom an assessment is made by the commission may petition for a reassessment. The request for reassessment shall be made within ten days from the date the assessment was mailed or delivered to the licensee, whichever is earlier. Whereupon the commission shall give notice of a hearing for reassessment and fix the date upon which the hearing shall be held. The assessment shall become final if a request for reassessment is not received by the commission within the ten days. Except as provided in this section, on and after 1995, all functions incident to the administration, collection,

enforcement, and operation of the tax imposed by Title 4, this Code, shall be applicable to the taxes and fees imposed by this section.

(l) Each casino gaming or gambling boat shall designate a city or county as its home dock. The home dock city or county may enter into agreements with other cities or counties authorized under subsection 10 of Section 39-17-607, to share revenue obtained under this section. The home dock city or county shall receive ten per cent of the adjusted gross receipts tax collections, as levied under this section, for use in providing services necessary for the safety of the public. Such home dock city or county shall annually submit to the commission a shared revenue agreement with any other city or county. All moneys owed the home dock city or county shall be deposited and distributed to such city or county in accordance with rules and regulations of the commission. All revenues provided for in this section to be transferred to the governing body of any city shall not be considered state funds, and shall be deposited in such city's general revenue fund to be expended as provided for in this section.

(2) The remaining amount of the adjusted gross receipts tax shall be deposited in the state treasury to the credit of the "Gaming Proceeds for Education Fund" which is hereby created in the state treasury. Moneys deposited in this fund shall be considered the proceeds of casino gaming and gambling and state funds pursuant to Title 67, "Department of Revenue", this Code. All interest received on the gaming proceeds for education fund shall be credited to the gaming proceeds for education fund.

Appropriation of the moneys deposited into the gaming proceeds for education fund shall be pursuant to state law..

Section 39-17-612. Boat and casino gaming operator licensees to furnish reports and information - security staff, costs paid by boat licensee.

Casino gaming boat and gambling game operator licensees shall furnish to the commission reports and information as the commission may require with respect to its

activities. The commission shall establish by rules and regulations the amount of staff necessary to protect the public on any casino gaming boat. The boat licensee shall reimburse the commission for the full cost of such staff.

Section 39-17-613. Audit of licensee.

In accordance with the rules established by the commission, after the end of each calendar quarter, the licensee shall transmit to the commission an audit of compliance and of the financial transactions and condition of the licensee's total operations for the calendar quarter. Any audits shall be conducted by certified public accountants registered or licensed in the state of Tennessee under Title 62, this Code, and selected by the commission. The compensation for each certified public accountant shall be paid directly by the licensee to the certified public accountant.

Section 39-17-614. Annual report - contents.

The commission shall make an annual report to the governor and general assembly, for the period ending December thirty first of each year. Included in the report shall be an account of the commission's actions, its financial position and results of operation and any recommendations for legislation which the commission deems advisable.

Section 39-17-615. Prohibited acts, penalties - violation referred to attorney general and prosecuting attorney - venue.

(1) A person is guilty of a class " " felony for any or the following:

(a) Operating casino gaming or a gambling boat where wagering is used or to be used without a license issued by the commission.

(b) Operating casino gaming where wagering is permitted other than in the manner specified by Section 39-17-609; or

(c) Acting, or employing a person to act, as a shill or decoy to encourage participation in a casino gaming or gambling game.

(2) A person permitting a person under the age of twenty one years to make a wager is guilty of a Class "___". misdemeanor.

(3) A person wagering or accepting a wager at any location outside the casino gaming or gambling boat is in violation of Title 39, Chapter 17, Part 5, "Gaming Regulations" of this Code.

(4) A person commits a Class " ". felony and, in addition, shall be barred for life from casino-gaming under the jurisdiction of the commission, if the person:

a) Offers, promises, or gives anything of value or benefit to a person who is connected with a boat operator include, but not limited to, an officer or employee of a licensee or holder of an occupational license pursuant to an agreement or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to whom the offer, promise, or gift was made in order to affect or attempt to affect the outcome of a casino gaming or gambling game, or to influence official action of a member of the commission.

b) Solicits or knowingly accepts or receives a promise of anything of value or benefit while the person is connected with a casino gaming or gambling boat including, but not limited to, an officer or employee of a licensee, or holder of an occupational license, pursuant to an understanding or arrangement or with the intent that the promise or thing of value or benefit will influence the actions of the person to affect or attempt to affect the outcome of a game, or to influence official action of a member of the commission;

(c) Uses a device to assist in any of the following:

(i) In projecting the outcome of the game;

(ii) In keeping track of the cards played;

(iii) In analyzing the probability of the occurrence an event relating to the game; or

(iv) In analyzing the strategy for playing or betting to be used in the game, except as permitted by the commission.

(d) Cheats at a casino gaming or gambling game;

(e) Manufactures, sells, or distributes any cards, chips, dice, game or device which is intended to be used to violate any provisions of sections 39-17-601 to 39-17-622;

(f) Instructs a person in cheating or in the use of a device for that purpose with the knowledge or intent that the information or use conveyed may be employed to violate any provision of sections 39-17-601 to 39-17-622;

(g) Alters or misrepresents the outcome of a game on which wagers have been made after the outcome is made sure but before it is revealed to the players.

(h) Places a bet after acquiring knowledge, not available to all players, if the outcome of the game which is the subject of the bet or to aid a person in acquiring the knowledge for the purpose of placing a bet contingent on that outcome;

(i) Claims, collects, or takes, or attempts to claim, collect, or take, money or anything of value in or from the games, with intent to defraud, without having made a wager contingent on winning a game, or claims, collects, or take an amount of money or thing of value of greater value than the amount won;

(j) Knowingly entices or induces a person to go to any place where a game is being conducted or operated in violation of the provisions of section 39-17-601 to 39-17-622, with the intent that the other person plays or participates in that gambling game;

(k) Uses counterfeit chips or tokens in a casino gaming or gambling game;

(l). Knowingly uses, other than chips, tokens, coin, or other methods of credit approved by the commission, legal tender of the United States of America, or to use coin not of the denomination as the coin intended to be used in the casino gaming or gambling games.

(m) Has in the person's possession any device intended to be used to violate a provision of sections 39-17-601 to 39-17- 622; or

(n) Has in the person's possession, except a casino gaming or gambling licensee or employee of a casino gaming or gambling game licensee acting. in furtherance of the employee's employment any key or device designed for the purpose of opening, entering, or affecting the operation of a casino gaming or gambling game, drop box, or an electronic or mechanical device connected with the casino gaming or gambling game or for removing coins, tokens, chips or other contents of the casino gaming or gambling game.

(5) The possession of one or more of the devices described in subdivision (3) (5) (13) or (14) of subsection 4 of this section permits a rebuttable inference that the possessor intended to use the devices for cheating.

(6) Except for wagers on casino gaming or gambling games or exchanges for money as provided in section 39-17-609, a licensee who exchanges tokens, chips, or other forms of credit to be used on such games for anything of value commits a class "" "misdemeanor.

(7) If the commission determines that reasonable grounds to believe that a violation of sections 39-17-601 to 39-17-622, has occurred or is occurring which is a criminal offense, the commission shall refer such matter to both the state attorney general and the prosecuting attorney or circuit attorney having jurisdiction. The state attorney general and the prosecuting attorney or circuit attorney with such jurisdiction

shall have concurrent jurisdiction to commence actions for violations of sections 39-17-601 to 39-17-622, where such violations have occurred.

(8). Venue for all crimes committed on a casino gaming or gambling boat shall be the jurisdiction of the home dock city or county or such county where a home dock city is located.

Section 39-17-616. Forfeitures

(1) Anything of value, including all traceable proceeds including but not limited to real and personal property, moneys, negotiable instruments, securities and conveyances, is subject to forfeiture if the item was used for any of the following:

(a) In exchange for a bribe intended to affect the outcome of a game; or

(b). In exchange for or to facilitate a violation of sections 39-17-601 to 39-17-619.

(2) All moneys, coin, and currency found in close proximity of wagers, or of records of wagers are presumed forfeited. The burden of proof is upon the claimant of the property to rebut this presumption.

(3) Subsections 1 and 2 of this section do not apply if the act or omission which would give rise to the forfeiture was committed or omitted without the owner's knowledge or consent.

(4) Forfeitures under this section shall be enforced as provided under Title 40 "Criminal Forfeiture Regulations" of this Code.

Section 39-17-617. Gaming commission fund, created, expenditures.

All revenue received by the commission from license fees, penalties, administrative fees, reimbursement by any casino gaming or gambling boat operators for services provided by the commission and admission fees authorized under the provisions of sections 39-17-601 to 39-17-622, shall be deposited in the state treasury to the credit of the "Gaming Commission Fund" which is hereby created for the sole

purpose of funding the administrative costs of the commission relating to casino gaming or gambling boat operations, subject to appropriation. Moneys deposited into the gaming commission fund shall be considered state funds pursuant to Title 67, "Department of Revenue", this Code. All interest received on the gaming commission fund shall be credited to the gaming commission fund. Any appropriation from the state general revenue fund to fund expenses of the state gaming commission, other than funds from the gaming commission fund, shall be reimbursed to the general revenue fund by July 1, 1995. Any excess moneys not already encumbered at the end of any fiscal year in the gaming commission fund shall be transferred to the state general revenue fund. The first five hundred thousand dollars transfer to the general revenue fund shall be appropriated on a per capita basis to city and counties that match the state portion and have demonstrated a need for funding community neighborhood organization programs for the homeless and to deter gang related violence and crimes.

Section 39-17-618 Report to general assembly of casino gaming

The commission shall report to the general assembly on _____ and every January fifteenth thereafter, the number of casino gaming or gambling boat licenses which the commission has issued, the status of the competitiveness of Tennessee casino gaming when compared to the gaming tax rate of adjoining states and the effects of loss of limits imposed by subdivision (3) of Section 39-17-604, on the competitiveness of the gaming industry in Tennessee. The report shall contain any recommendations for changes in the adjusted gross receipts tax rate as provided in Section 39-17-611.

Section 39-17-619. Liquor licenses on boats - judicial review.

(1) The conduct of or playing of any games on any licensed casino gaming or gambling boat does not constitute gambling or gambling activities and the power of the division of liquor control to prohibit the licensing of any premises on which gambling or gambling activities are

conducted or played, or to prohibit the consumption or sale of beer or alcoholic beverage on any premises on which gambling or gambling activities are conducted or played, shall not apply where the casino gaming or gambling boat is duly licensed. The commission shall establish rules and regulations for the service of liquor aboard a casino gaming or gambling boat, except that no rule or regulation adopted by the commission shall allow any person under the age of twenty one to consume alcoholic beverages on such boat.

(2) Judicial review of all commission decisions relating to casino gaming or gambling boat operations shall be directly to the state court of appeals for the state of Tennessee and shall not be subject to the provisions of Title 4, "Administrative Procedures", this Code.

Section 39-17-620. Compulsive gamblers fund, created, purpose - outpatient centers - administration.

There may be established an outpatient center which shall provide services for compulsive gamblers and their families in any city or county that licenses casino gaming. As used in this section "compulsive gambler" means a person who is chronically and progressively preoccupied with gambling and the urge to gamble. Such centers may be funded from the taxes collected and distributed to the city or county establishing the center under section 39-17- 611. Such moneys shall be submitted to the state and credited to the "Compulsive Gamblers Fund", which is hereby established within the department of mental health. The department of mental health shall administer all programs, either directly or by contract, for compulsive gamblers. Any such person or family of such person requesting services for compulsive gambling from the outpatient center must prove by a preponderance of the evidence that his or her chronic and preoccupation with gambling and the urge to gamble was exacerbated by this proposed legislation establishing riverboat gambling in this state.

Section 39-17-621. Rules - promulgation and approval -emergency rules - suspension or revocation.

(l). Any rule or portion of a rule promulgated under the authority of sections 39-17-601 to 39-17-622, shall become effective as provided by the Uniform Administrative Procedures Act, under Title 4 of this Code.

Section 39-17-622. Commission to provide information on licensee - costs.

(1) Notwithstanding any applicable statutory provision to the contrary, the commission shall, on written request from any person, provide information furnished by an applicant or licensee concerning the applicant or licensee, his products, services or gambling enterprises and his business holdings only as follows:

(a) The name, business address and business telephone number of any applicant or licensee.

(b) An identification of any applicant or licensee, include, if an applicant or licensee is not an individual, the state of incorporation or registration, the corporate officers, and the identity of all shareholders or participants. If an applicant or licensee has a pending registration statement filed with the Securities and Exchange commission, the names of those persons or entities holding interest must be provided.

(c) An identification of any business, including, if applicable, the state of incorporation or registration, in which an applicant or licensee or an applicant's or licensee's spouse or children have an equity interest. If an applicant or licensee is a corporation, partnership or other business entity, the applicant or licensee shall identify any other corporation, partnership or business entity in which it has an equity interest, including, if applicable, the state of incorporation or registration. this information need not be provided by a corporation, partnership

or other business entity that has a pending registration statement filed with the Federal Securities and Exchange commission;

(d) Whether an applicant or licensee has been indicted, convicted, pleaded guilty or nolo contendere, or forfeited bail concerning any criminal offense under the laws of any jurisdiction, either felony or misdemeanor, except for traffic violations, including the date, the name and location of the court, arresting agency. and prosecuting agency, the case number, the offense, the disposition and the location and length of incarceration;

(e). Whether an applicant or licensee has had any license or certificate issued by a licensing authority in this state or any jurisdiction denied, restricted, suspended, revoked or not renewed and a statement describing the facts and circumstances concerning the denial, restriction, suspension, revocation or nonrenewal, including the licensing authority, the date each such action was taken, and the reason for each such action;

(f) Whether an applicant or licensee has ever filed or had filed against it a proceeding in bankruptcy or has ever been involved in any formal process to adjust, defer, suspend or otherwise work out the payment of any debt, including the date of filing, the name and location of the court, the case and number of the disposition.

(g) Whether an applicant or licensee has file, or been servedwith a complaint or other notice filed with any public body, regarding the delinquency in the payment of, or a dispute over the filings concerning the payment of, any tax required under federal, state or local law, including the amount, type of tax, the taxing agency and time period involved;

(h) A statement listing the names and title of all public officials or officers of any unit of government, and relative of such public officials or officers who,

directly or indirectly, own any financial interest in, have any beneficial interest in, are the creditors of or hold any debt instrument issued by, or hold or have any interest in any contractual or service relationship with, an applicant or licensee.

(i) Whether an applicant or licensee has made, directly or indirectly, any political contribution, or any loans, donations or other payments of one hundred dollars or more, to any candidate or officer holder, within five years from the date of filing the application, including the amount and the method of payment;

(j) The name and business telephone number of the counsel representing an applicant or licensee in matters before the commission.

(k) A description of any proposed or approved riverboat gaming operation, including the type of boat, home dock location, expected economic benefit to the community, anticipated or actual number of employees, any statement from an applicant or licensee regarding compliance with federal and state affirmative action guidelines, projected or actual admissions and projected or actual adjusted gross gaming receipts; and

(l) A description of the product or service to be supplied by an applicant for a supplier's license.

(2) Notwithstanding any applicable statutory provision to the contrary, the commission shall, on written request from any person, also provide the following information:

(a) The amount of the adjusted gross receipts tax and admission tax paid daily to the state by the holder of an excursion gambling boat license;

(b) Whenever the commission finds an applicant for an excursion gambling boat license unsuitable for licensing, a copy of the written letter outlining the reason for the denial; and

(c). Whenever the commission has refused to grant leave for an applicant to withdraw his application, a copy of the letter outlining the reasons for the refusal.

(3) Subject to the provisions of subsections 1 and 2 of this section, the commission shall not disclose any information which would be barred by

(a) Title 39, "Confidentiality of Information"; or

(b) The statutes, rules, regulations or intergovernmental agreements of any jurisdiction.

(4) The commission may assess fees for the copying of information in accordance with Title 39,
Section 39-17-623. Severability clause.

The provisions of Section 39-17-601 to 39-17-622 are severable. If any provision of said sections is found by a court of competent jurisdiction to be unconstitutional, the remaining provisions are valid except to the extent that the court finds that the valid provisions, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent. The provisions of this section shall be operative notwithstanding the provisions of any section to the contrary thereof.

SECTION 2. The headings preceding each section are inserted merely as a matter of convenience and shall not be deemed to be a part of the section.

SECTION 3. All other Chapters, Sections and Parts of this Code not conforming to this Act, and in conflict by terms and wording, are hereby repealed.

SECTION 4. This Act shall take effect on becoming law, the public welfare requiring it.